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TITLE PAGE

PETERAL MARIA DE COMMISSION DE THE SEAL FOR

AGREEMENT NAME:

MATSON - APL SPACE SHARING

AGREEMENT ("MASSA")

FMC NUMBER:

CLASSIFICATION:

The generic classifications of this Agreement in

conformity with 46 C.F.R. §572.104 are

Cooperative Working Agreement and Space

Charter Agreement.

CURRENT EXPIRATION

DATE:

Not Applicable

REPUBLISHED:

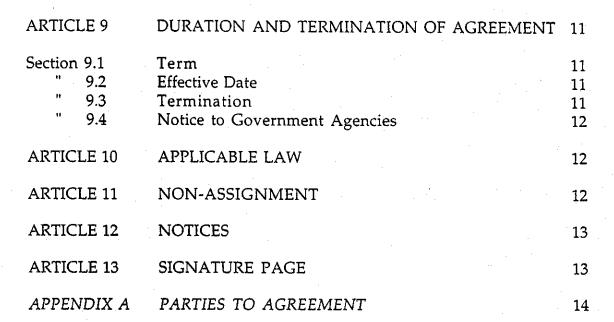
Not Applicable





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#### RECITALS:

Matson Navigation Company, Inc. ("Matson") and American President Lines, Ltd. ("APL") are ocean common carriers in United States foreign commerce and Matson is a common carrier by water in U.S. domestic offshore commerce. Matson and APL each intend to operate certain Vessels referred to below as a common carrier in United States foreign commerce on voyages between United States Pacific Coast ports on the one hand, and ports on islands in the Pacific Ocean and in the Far East and Mexico on the other and between the Territory of Guam and other Pacific Island ports which are U.S. territories or possessions and ports in Mexico. The Vessels will also be operated in domestic offshore commerce between U.S. Pacific Coast ports and Guam for carriage of cargo transported by Matson under its bills of lading. Matson desires to charter space aboard APL-operated Vessels for carriage of cargo transported by Matson under its bills of lading as an ocean common carrier in United States foreign commerce, and APL desires to timecharter Matson-operated Vessels and to employ the Vessels it operates hereunder for carriage of cargo transported by APL in U.S. foreign commerce under its bills of lading, all as more fully set forth herein.

The parties agree as follows:

# ARTICLE 1: FULL NAME OF THE AGREEMENT

The full name of this Agreement is the MATSON – APL SPACE SHARING AGREEMENT OR "MASSA" AGREEMENT (the "Agreement").

# ARTICLE 2: PURPOSE OF THE AGREEMENT

The purpose of this Agreement is to permit each of the parties to achieve efficiencies and economies in their respective services offered in the Trade (as hereinafter defined) covered by the Agreement, all to the benefit of the parties and the shipping public.

#### **ARTICLE 3: PARTIES TO THE AGREEMENT**

The parties to the Agreement are identified in Appendix A to the Agreement.

# ARTICLE 4: GEOGRAPHIC SCOPE OF THE AGREEMENT

#### 4.1 General

This Agreement covers (a) in Matson's case (i) the carriage of containerized cargo and empty containers (for the parties or for third parties)

between ports and points on islands in the Pacific Ocean (other than those in the Northern Marianas, American Samoa, Johnson Island, Midway Island, Wake Island, and the Territory of Guam and those included within the definition of "Far East" set forth in Section 4.2, except for ports and points in the Talagutong Kiamba range on the island of Mindanao, R.P.), on the one hand and ports and points in the United States on the other, (ii) the carriage of containerized cargo and empty containers (for the parties or for third parties) from the Territory of Guam, and the Northern Marianas via Guam to ports in the Far East and Mexico, and (b) in APL's case, the carriage of containerized cargo and empty containers (for the parties or for third parties) between ports and points in the continental United States and Puerto Rico via United States Pacific Coast Ports, on the one hand and ports in the Far East and on the Pacific Coast of Mexico on the other (hereinafter referred to as the "Trade").

#### 4.2 <u>Definition</u>

For purposes of this Agreement, the term "Far East" means Japan, Okinawa, Taiwan, the Philippines, Indonesia and the Penang-Pusan range in continental Asia.

## ARTICLE 5: AGREEMENT AUTHORITY

## 5.1 Limited Grant

Nothing in this Agreement shall be construed as restricting either party from serving any trade lane or limiting the rights of either party to compete

with the other in any respect by means of vessels or other assets and services other than those engaged in the shared Vessel use arrangement contemplated by this Agreement.

# 5.2 <u>Deployment, Space Chartering of Vessels</u>

- (a) The parties may consult and agree upon the deployment and utilization of up to six (6) vessels, three operated by Matson and time-chartered to APL (the "Matson Vessels") and three operated by APL and with space thereon chartered to Matson (the "APL Vessels") with aggregate annual capacity of not more than 78,000 FEUs (jointly referred to as the "Vessels") in the Trade including, without limitation, sailing schedules, service frequency, ports to be served, port rotations, type and size of vessels to be utilized, maintenance of reserve replacement vessels, feeder arrangements, the sale, use or exchange of feeder slots between them, and cost sharing and allocation. The parties may agree to allocate and limit the capacity of the Vessels between them to meet their respective service needs and may agree to substitute, permanently or temporarily, other vessels in place of previously deployed Vessels, subject to the number of vessels and aggregate capacity limited stated herein.
- (b) The parties may, on a temporary basis, agree to alter capacity deployed in the Trade by reason of drydocking, casualty, governmental decrees, force majeure, market conditions, or other requirements whether similar or dissimilar; provided however, that any capacity reduction which continues for more than 90 days shall be reported to the Federal Maritime Commission within 30 days of such reduction.

- (c) The parties may agree on the number of slots and/or space to be chartered by Matson from APL aboard both Matson-operated (time-chartered by APL) and APL-operated Vessels and the terms and conditions under which Matson and APL may use the Vessels to transport the containerized cargo or empty containers of the parties or of other ocean common carriers with whom Matson or APL may enter into space chartering arrangements from time to time.
- (d) The parties may consult and agree on the acceptance and transportation of containerized, ro/ro, breakbulk or bulk, and other classifications of cargo under this Agreement.
  - (e) Each party may advertise sailings by the Vessels.

#### 5.3 <u>Insurance</u>

The parties may consult and agree concerning hull and machinery insurance, P&I insurance and such other insurance as may be desirable or required by law for MASSA Vessels and operations hereunder.

## 5.4 Tonnage

The parties shall consult and may agree on the number, size and type of Vessels to be provided by each party hereunder and operated in the Trade. The Vessels may be owned or demise- or time-chartered by the parties.

5.5 Efficient Use of Equipment, Terminals, Stevedores, Ports and Suppliers

The parties may interchange empty containers, chassis and/or related equipment to provide for the efficient use of each equipment on such terms as they may agree.

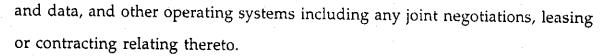
The parties may also jointly or individually contract with or coordinate in contracting with stevedores, terminals, ports, and suppliers of equipment, land or services, and may designate one of the parties to provide such services on the other party's behalf. Initially, it is intended that Matson will provide and pay for all stevedoring, port and terminal services required in Guam and APL will provide and pay for all stevedoring, port and terminal services required at United States Pacific Coast and foreign ports, subject to mutually agreed rates, charges, terms and conditions for services provided to or procured on behalf of Matson by APL from time to time. This Agreement does not authorize joint operation of a marine terminal by the parties in the United States.

# 5.6 No Joint Service. Pooling

The charter of space and, to the extent provided hereunder, cooperative use of equipment, terminals, stevedores, ports, and suppliers do not create a joint service or permit the parties to pool cargo or revenue in the Trade. Each party shall utilize and maintain its own marketing and sales organizations for its respective services. Each party shall issue its own bills of lading in its own service.

# 5.7 <u>Documentation</u>. Data Systems

The parties may discuss and agree on terms and conditions of joint development, implementation, and interchange of documentation and data related to information systems, electronic access to operational information



#### 5.8 Foreign Operations

The parties may discuss and agree on use and rationalization of port and terminal operations within foreign countries.

# 5.9 <u>Transshipment</u>

The parties may discuss and agree from time to time among themselves and with other ocean common carriers, whether or not operating vessels which call at U.S. ports, on rates, volumes, space or slot guarantees, sailing schedules, service terms and frequency, location and terms of transshipment via other Matson vessels, equipment interchange and all other matters incidental to the transshipment of cargo moving in U.S. foreign commerce in whole or in part between ports or points of origin or destination within the Trade via one or more Vessels.

#### 5.10 Miscellaneous

The parties may also discuss and agree upon such general administrative matters and other terms and conditions concerning the implementation of this agreement as may be necessary or convenient from time to time, including, but not limited to, performance procedures and penalties, procedures for allocating space, forecasting, terminal operations, stowage planning, schedule adjustments, record-keeping, the terms and conditions for force majeure relief, insurance, casualties, claims, suits, indemnification, consequences for delays, and treatment of hazardous and dangerous cargoes.

# ARTICLE 6: OFFICIALS OF THE AGREEMENT AND DELEGATIONS OF AUTHORITY

The following are authorized to subscribe to and file this Agreement and any accompanying materials and any subsequent modifications to this Agreement with the Federal Maritime Commission:

- (i) Any authorized officer of each of the parties; and
- (ii) Legal counsel for each of the parties.

#### ARTICLE 7: MEMBERSHIP AND WITHDRAWAL

## 7.1 <u>Membership</u>

Membership is limited to the parties hereto

#### 7.2 Withdrawal

Neither party may withdraw from this Agreement for any reason other than termination of the Agreement under the provisions of article 9.

#### **ARTICLE 8: VOTING**

All actions taken pursuant to this Agreement shall require mutual agreement of the parties.



- 9.1 Term This Agreement shall take effect as of the effective date determined in accordance with section 9.2 below and shall remain in effect through and including March 31, 2006 (the "Initial Period"). Upon the expiration of the Initial Period, this Agreement shall continue in effect until this Agreement is terminated upon 90 days prior written notice; provided, however, such notice may be given to effect termination as of the expiration of the Initial Period.
- 9.2 <u>Effective Date</u> The effective date shall be the date the Agreement may become effective pursuant to the Shipping Act of 1984. If such condition has not occurred on or before March 31, 1996, this Agreement shall be null and void unless such date shall be extended by written agreement of the parties.

#### 9.3 Termination

- (a) The Agreement may be terminated at any time by written agreement of the parties.
- (b) The Agreement shall automatically terminate in the event that the parties fail to enter into definitive written agreements for the implementation of the transactions contemplated by this Agreement, which agreements shall be fully effective and unconditional (other than as respects the lapse of time) in accordance with their terms, on or before March 31, 1996; provided however, if a condition precedent to the effectiveness of a mutually executed definitive agreement has not occurred as of March 31, 1996, the parties may agree to a written extension of this Agreement.

- (c) The parties shall notify the Federal Maritime Commission in the event of any termination of the Agreement prior to March 31, 2006.
- 9.4 <u>Notice to Government Agencies.</u> The Federal Maritime Commission shall be promptly notified in writing of any termination of this Agreement.

#### ARTICLE 10: APPLICABLE LAW

Except to the extent governed by the law of the United States, the interpretation, construction and enforcement of this Agreement shall be governed by the laws of the State of California without reference to the laws of California respecting conflicts of laws.

#### **ARTICLE 11: NON-ASSIGNMENT**

Neither party shall assign its rights or delegate its obligations under this Agreement to any other person or entity without the prior written consent of the other party. The parties acknowledge and agree that use of APL's allocated space aboard the Vessels by its undertaking in bills of lading, space charter arrangements, or other contracts of carriage with third party ocean common carriers does not constitute an assignment by APL of its rights hereunder.

#### **ARTICLE 12: NOTICES**

All notices pertaining to the Agreement, except as the parties may otherwise provide, shall be sent by telex or facsimile transmission and confirmed by registered mail, postpaid. Mail shall be addressed as set forth in Appendix A.

#### ARTICLE 13: SIGNATURE PAGE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or agents as of the 10th day of July, 1995.

AMERICAN PRESIDENT LINES, LTD.

By: ///C////IMS

Printed Name: Michael D. Morris

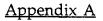
Title: Vice President - Alliances

MATSON NAVIGATION COMPANY, INC.

Printed Name: Kevin C. O'Rourke

Title: Senior Vice President &

General Counsel



(Parties to Agreement)

- AMERICAN PRESIDENT LINES, LTD.
   1111 Broadway
   Oakland, California 94607
   Attn: Vice President and General Counsel
- MATSON NAVIGATION COMPANY, INC.
   333 Market Street
   San Francisco, California 94105
   Attn: Senior Vice President and General Counsel

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